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FORM 10-Q

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992.

IG2-2265

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ..... to .....

Commission File Number 0-11755.

PROCESSED BY
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HOME INTENSIVE CARE, INC
(Exact name of registrant as specified in its cha

STATE OF DELAWARE (State or other jurisdiction of incorporation or organization)	61-0892053 (I.R.S. Employer Identification No.)
150 Northwest 168th Street, North Miami Beach, Florida (Address of principal executive offices)	33169 (Zip Code)

Registrant's telephone number, including area code (305) 653-0000

Former fiscal year: September 30th

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

The number of shares outstanding of the Registrant's common stock $.01 par value as of April 30, 1992, was 14,243,016.

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HOME INTENSIVE CARE, INC. AND SUBSIDIARIES

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CONDENSED CONSOLIDATED BALANCE SHEETS - (UNAUDITED)
HOME INTENSIVE CARE, INC. AND SUBSIDIARIES

	March 31, 1992	December 31, 1991
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,117,000	$ 14,156,000
Certificates of deposit and marketable securities	5,150,000	5,950,000
Accounts receivable, less allowances of $4,550,000 and $5,958,000 at March 31, 1992 and December 31, 1991, respectively	18,333,000	17,145,000
Supplies and other current assets	1,791,000	1,134,000
Total current assets	39,391,000	38,385,000
Machinery and equipment, net	6,692,000	5,496,000
Other assets	818,000	605,000
	$ 46,901,000	$ 44,486,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 7,687,000	$ 7,665,000
Deferred and current income taxes	2,590,000	1,863,000
Current portion of long-term debt	189,000	505,000
Current obligations under capital leases	982,000	1,095,000
Estimated liability for closing costs	1,072,000	1,221,000
Total current liabilities	12,520,000	12,349,000
Long-term obligations under capital leases	1,418,000	665,000
Long-term debt	101,000	114,000
Deferred income taxes	291,000	291,000
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 par value, authorized 5,000,000 shares, none issued	—	—
Common stock, $.01 par value, authorized 25,000,000 shares; issued and outstanding 14,162,616 shares at March 31, 1992 and 14,019,681 shares at December 31, 1991	142,000	140,000
Additional paid-in capital	30,929,000	30,722,000
Retained earnings	1,500,000	205,000
	32,571,000	31,067,000
	$ 46,901,000	$ 44,486,000

See notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME - (UNAUDITED)
HOME INTENSIVE CARE, INC. AND SUBSIDIARIES

	Three Months Ended March 31,	
	1992	1991
Net revenues:		
Infusion therapy	$ 14,214,000	$ 11,119,000
Dialysis clinics	4,557,000	1,943,000
	18,771,000	13,062,000
Cost of goods sold	6,777,000	4,321,000
Gross profit	11,994,000	8,741,000
Other costs and expenses:		
Operating expenses	6,556,000	4,497,000
Provision for bad debts	1,349,000	1,729,000
General and administrative expenses	2,196,000	1,329,000
	10,101,000	7,555,000
Operating income	1,893,000	1,186,000
Interest income	271,000	84,000
Interest expense	(97,000)	(259,000)
	174,000	(175,000)
Income before income taxes	2,067,000	1,011,000
Provision for income taxes	771,000	199,000
Net income	$ 1,296,000	$ 812,000
Net income per common share:		
Primary and fully diluted	$ 0.09	$ 0.08
Average shares outstanding	15,015,000	10,595,000

See notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - (UNAUDITED)
HOME INTENSIVE CARE, INC. AND SUBSIDIARIES

	Three Months Ended March 31,	
	1992	1991
OPERATING ACTIVITIES:		
Net income	$ 1,296,000	$ 812,000
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	322,000	356,000
Stock grants	62,000	11,000
Write-down of machinery and equipment	—	877,000
Gain on sale of equipment	(20,000)	(393,000)
Provision for doubtful accounts	1,349,000	1,729,000
Changes in operating assets and liabilities net:		
Increase in accounts receivable	(2,412,000)	(3,667,000)
Increase in supplies and other current assets	(657,000)	(253,000)
(Increase) decrease in other assets	(213,000)	52,000
(Decrease) increase in accounts payable and accrued expenses	(103,000)	540,000
Decrease in estimated liability for closing costs	(90,000)	(1,214,000)
Increase in income taxes payable	727,000	231,000
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	261,000	(919,000)
INVESTING ACTIVITIES:		
Purchases of machinery and equipment	(471,000)	(178,000)
Maturities of certificates of deposit	800,000	—
Proceeds from sale of equipment	22,000	421,000
NET CASH PROVIDED BY INVESTING ACTIVITIES	351,000	243,000
FINANCING ACTIVITIES:		
Payments of long-term debt	(329,000)	(206,000)
Payments of capital lease obligations	(468,000)	(601,000)
Proceeds from exercise of common stock options	146,000	375,000
Proceeds from sale of common stock	—	57,000
NET CASH USED IN FINANCING ACTIVITIES	(651,000)	(375,000)
DECREASE IN CASH AND CASH EQUIVALENTS	(39,000)	(1,051,000)
Cash and cash equivalents at beginning of period	14,156,000	4,250,000
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 14,117,000	$ 3,199,000

See notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)

MARCH 31, 1992

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended September 30, 1991. In October 1991, the Company changed its fiscal year to December 31 creating a transition period for the three months ended December 31, 1991. Accordingly, the Company has elected to present its December 31, 1991 balance sheet in the accompanying condensed consolidated financial statements.

NOTE B - BUSINESS ACQUISITION

In April 1992, the Company signed an agreement to purchase all of the assets and assume substantially all of the recorded liabilities of Preferred Homecare of America, Inc. ("Preferred Homecare"), a home infusion therapy company based in South Florida.

The Company has agreed to issue approximately 864,000 shares of its common stock, subject to adjustments, to Preferred Homecare for subsequent distribution to its common stockholders and an additional number of shares of common stock with a market value at the closing date of approximately $1.1 million to be issued to Preferred Homecare's preferred stockholders. The consummation of the transaction is contingent upon the vote of Preferred Homecare's stockholders and the Company registering the common stock to be issued to Preferred Homecare's stockholders.

NOTE C - LAWSUIT AND LEGISLATION AFFECTING THE COMPANY'S HOME DIALYSIS BUSINESS

During October 1988, Blue Cross/Blue Shield of Florida ("Blue Cross of Florida") notified the Company that the monthly Medicare reimbursement amounts paid for home dialysis supplies and equipment rental would be reduced by approximately 50%. In November 1988, the Company together with several patients filed a lawsuit against Blue Cross of Florida and the Health Care Financing Administration ("HCFA") requesting injunctive relief preventing the reduction of the reimbursement rate.

In December 1988, after a three day hearing, the U.S. District Court for the District of Columbia issued a preliminary injunction against HCFA and Blue Cross of Florida preventing the implementation of the reimbursement rate reduction and ultimately directed the Company to post a $750,000 bond. HCFA had requested an $18 million bond, the amount HCFA claimed the Company was overpaid during the injunction period.

NOTE C - LAWSUIT AND LEGISLATION AFFECTING THE COMPANY'S HOME DIALYSIS BUSINESS (continued)

In February 1989, HCFA filed an appeal of the preliminary injunction with the U.S. Court of Appeals of the District of Columbia. In November 1989, Congress passed The Budget Reconciliation Act of 1989 (the "Budget Act") which established the 1990 Medicare budget. The Budget Act reduced the home dialysis reimbursement rate by approximately 50%, effective February 1, 1990, to essentially the amount proposed by Blue Cross of Florida in October 1988. Reimbursement for virtually all other Medicare items became effective with the passage of the Budget Act. On February 1, 1990 the Company began receiving the lower reimbursement rate.

In April 1990, the Court of Appeals dismissed HCFA's appeal declaring the case moot and not susceptible to judicial resolution because of the Budget Act and remanded the case to the U.S. District Court for further proceedings. In January 1991, the U.S. District Court issued a 15 page memorandum opinion reiterating the correctness of the Court's earlier ruling granting the preliminary injunction in favor of the Company and, on the basis of five independent factors, ordered the return of the Company's $750,000 bond. In March 1991, HCFA filed a notice of appeal.

On March 13, 1992, the Court of Appeals reversed the decision of the U.S. District Court and concluded that the U.S. District Court lacked jurisdiction to hear the case and enter the preliminary injunction. The Court of Appeals concluded that the matter must be determined administratively and then the Company would have the right to seek judicial relief. The case was remanded to the U.S. District Court for resolution of the amount of damages, if any, that HCFA may recover under the $750,000 bond previously posted by the Company. The Court of Appeals decision does not address the merits of HCFA's claims. On April 27, 1992, the Company filed a Petition for Rehearing and Suggestion of Rehearing En Banc, which is pending with the Court of Appeals.

The Company believes that it has substantial defenses to an administrative claim, if any is made by HCFA, because the Company relied upon the U.S. District Court's preliminary injunction and continued to provide services to Medicare beneficiaries during the injunctive period. The Company believes it would be inequitable for HCFA to retroactively seek recovery of monies paid.

Moreover, the Company believes that HCFA did not sustain any damages during the preliminary injunction period (February 1, 1989 to January 31, 1990), because it would have cost the Federal government more than it paid the Company to care for dialysis patients if the Company's equipment and services were not available to provide home dialysis. However, the Company is unable to determine the amounts, if any, that would be required to be refunded to Medicare and other parties if the government is ultimately successful in its claim, but believes that they could be material to the Company's financial position as of March 31, 1992.

NOTE D - MACHINERY AND EQUIPMENT

Machinery and equipment in use is stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of such assets for financial reporting purposes (generally from three to ten years).

Effective January 1, 1992, the Company changed the estimated useful lives of its dialysis machines from five years to ten years. This change was made to better reflect the estimated periods during which such assets remain in service and to conform to industry standards. The change had the effect of reducing depreciation expense by $253,000 and increasing net income by $158,000 or $0.01 per common share for the three months ended March 31, 1992.

NOTE E - OBLIGATIONS UNDER CAPITAL LEASES

The Company has capital lease agreements for certain of its machinery and equipment. The terms of the leases are generally for periods of 36 and 48 months and some of the leases include a bargain purchase option at the end of the lease term. The lease agreements require the Company to pay operating expenses, such as insurance, taxes and maintenance.

NOTE F - NET INCOME PER COMMON SHARE

Net income per common share is computed based on the weighted average number of shares of common stock outstanding during the periods. The effect of dilutive stock options and warrants (common stock equivalents) have been included in the computation of net income per share for the three months ended March 31, 1992 and 1991.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

The Company's principal business activity is providing infusion therapy to patients in their homes. As of March 31, 1992 the Company had 30 regional home infusion centers through which it was administering home infusion therapy. The Company also operates 10 dialysis clinics in various states. The Company offers a full range of infusion services which include HIV spectrum disease therapies; blood transfusions and blood products; cardiotonic therapies; chemotherapy; peritoneal and hemodialysis; human growth hormone; pain management; total parenteral and enteral nutrition; hydration; and antibiotic therapies.

In April 1992, the Company signed an agreement to acquire Preferred Homecare of America, Inc. ("Preferred Homecare"), a home infusion therapy company based in South Florida. The consummation of the transaction is contingent upon the vote of the shareholders of Preferred Homecare (see Note B of Notes to Condensed Consolidated Financial Statements).

Consolidated net revenues for the three months ended March 31, 1992 amounted to $18.8 million compared to $13.1 million for the three months ended March 31, 1991. The 44% increase in net revenues is primarily attributable to increases in home infusion therapy patients serviced at existing locations and the opening of six dialysis clinics during the fiscal year ended September 30, 1991.

Cost of goods sold as a percentage of net revenues increased to 36% for the three months ended March 31, 1992 from 33% for the three months ended March 31, 1991. The increase was primarily due to the opening of six dialysis clinics during the fiscal year ended September 30, 1991 which have a lower gross margin, increased managed care business and the hiring of additional full-time nursing staff as regions continued to mature.

The Company records a provision for doubtful accounts to provide for the portion of net revenues that may be ultimately uncollectible. The provision for doubtful accounts as a percentage of net revenues was 7% for the three months ended March 31, 1992, a decrease from 13% for the three months ended March 31, 1991. The decrease was due to a lower percentage of amounts not reimbursable by third-party payors and increased collections of self-pay balances.

General and administrative expenses as a percentage of net revenues increased from 10% for the three months ended March 31, 1991 to 12% for the three months ended March 31, 1992. The increase was due to increases in personnel at the corporate office and increased marketing efforts in connection with the Company's current and future growth plans.

Interest expense for the three months ended March 31, 1992 amounted to $97,000 compared to $259,000 for the same three month period in 1991. The decrease in interest expense was due to the payment of amounts borrowed under a line of credit, payments on long-term debt and capital lease obligations, and a decline in interest rates. The increase in interest income from $84,000 for the three months ended March 31, 1991 to $271,000 for the three months ended March 31, 1992 was due to the investment of funds received from the sale of 3,675,000 shares of the Company's common stock in a secondary public offering in September 1991.

Net income for the three months ended March 31, 1992 amounted to $1.3 million or $0.09 per common share compared to net income of $812,000 or $0.08 per common share for the three months ended March 31, 1991. Effective January 1, 1992, the Company changed the estimated useful lives of its dialysis machines to better reflect the periods during which such assets remain in service and to conform to industry standards. The change had the effect of increasing net income by $158,000 or $0.01 per common share for the three months ended March 31, 1992. The increase in profitability was due to the increases in revenues from both the home infusion and dialysis clinic businesses of the Company.

Liquidity and Capital Resources

The Company's cash and short-term investments decreased to $19.3 million as of March 31, 1992, from $20.1 million as of December 31, 1991. The decrease was primarily due to payments on long-term debt and capital lease obligations.

The Company believes that its short-term and long-term needs for working capital, capital expenditures, new facilities and acquisitions will be satisfied by cash on hand and funds generated from future operations. Management also believes that the Company will be able to obtain financing if needed using a significant portion of its accounts receivable as collateral for such borrowings. However, there can be no assurance that such credit facilities will be available or that, if available, will be on acceptable terms. The Company has an existing lease line of credit from a financing institution amounting to approximately $2.0 million, of which approximately $1.0 million is presently available.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

In October 1988, Blue Cross of Florida notified the Company that the monthly Medicare reimbursement amounts paid for home dialysis supplies and equipment rental would be reduced by approximately 50%. In November 1988, the Company, together with several patients, filed a lawsuit against Blue Cross of Florida and the Health Care Financing Administration ("HCFA") requesting injunctive relief preventing the reduction of the reimbursement rate. In December 1988, the U.S. District Court for the District of Columbia entered a preliminary injunction against HCFA and Blue Cross of Florida preventing the implementation of the reimbursement rate reduction and ultimately directed the Company to post a $750,000 bond. HCFA had requested an $18 million bond, the amount HCFA claimed the Company was overpaid during the injunction period. Federal law requires a party who receives a preliminary injunction to post a bond which, in the court's discretion, would cover potential damages resulting from a wrongfully issued injunction.

In February 1989, HCFA filed an appeal of the preliminary injunction with the U.S. Court of Appeals of the District of Columbia. In April 1990, the Court of Appeals dismissed HCFA's appeal, declaring the case moot and not susceptible to judicial resolution because of The Budget Reconciliation Act of 1989, and remanded the case to the U.S. District Court for further proceedings. In January 1991, the U.S. District Court ruled that its preliminary injunction was properly entered, dismissed the case as moot and ordered the return to the Company of the $750,000 bond. In March 1991, HCFA filed a notice of appeal.

On March 13, 1992, the Court of Appeals reversed the decision of the U.S. District Court and concluded that the U.S. District Court lacked jurisdiction to hear the case and enter the preliminary injunction. The Court of Appeals concluded that the matter must be determined administratively and then the Company would have the right to seek judicial relief. The case was remanded to the U.S. District Court for resolution of the amount of damages, if any, that HCFA may recover under the $750,000 bond previously posted by the Company. The Court of Appeals decision does not address the merits of HCFA's claims. On April 27, 1992, the Company filed a Petition for Rehearing and Suggestion of Rehearing En Banc, which is pending with the Court of Appeals.

While the Company believes that is has substantial defenses to any administrative claim, if any is made by HCFA, there can be no assurance that the Company will ultimately prevail.

Item 4. Submission of Matters to a Vote of Security Holders

On March 25, 1992, the Company held its annual meeting of stockholders.

The ..owing individuals were all re-elected as directors of the Company:

James P. Cefaratti	Carrie Meek
William C. Gompers	Thomas Rosenberg
J. William Grant	Arthur Shapiro, M.D.
John E. Hunt, Sr.	Charles Simons
Patrick McEnany	Milton Wallace

In addition, Michael Elfenbein the Company's Senior Executive Vice President/Chief Operating Officer was elected as a director.

Other matters voted upon and adopted at the annual meeting were as follows:

i) An amendment to the Company's 1990 Employee Stock Option Plan, which increased the number of shares of common stock reserved for issuance in connection with stock options.

For	9,958,233
Against	1,145,707

ii) An amendment to the Company's 1986 Stock Option Plan, which ensured that there would be, at all times, shares of common stock reserved for issuance upon exercise of reload options.

For	9,908,917
Against	1,193,337

No other matters were voted upon at the annual meeting.

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

(11) Statement regarding computation of earnings per common share.

b) Reports on Form 8K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HOME INTENSIVE CARE, INC.

DATE: May 13, 1992

By: _____

Joel Birnbaum
Vice President and
Chief Financial Officer

EXHIBIT 11 - COMPUTATION OF NET INCOME PER SHARE

HOME INTENSIVE CARE, INC. AND SUBSIDIARIES

	Three Months Ended March 31,	
	1992	1991
Primary:		
Average weighted common shares outstanding	14,096,000	9,327,000
Net effect of dilutive stock purchase warrants using average market price during the period	116,000	137,000
Net effect of dilutive stock options using average market price during the period	803,000	553,000
TOTALS	15,015,000	10,017,000
Net income applicable to common stock	$ 1,296,000	$ 812,000
Net income per primary common share	$ 0.09	$ 0.08
Fully diluted:		
Average weighted common shares outstanding	14,096,000	9,327,000
Net effect of dilutive stock purchase warrants using greater of average or closing market price during the period	116,000	325,000
Net effect of dilutive stock options using greater of average or closing market price during the period	803,000	943,000
TOTALS	15,015,000	10,595,000
Net income applicable to common stock	$ 1,296,000	$ 812,000
Net income per fully diluted common share	$ 0.09	$ 0.08